

Message Text

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70

ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

ACDA-19 IO-14 SAL-01 NIC-01 DRC-01 /206 W

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P 312330Z OCT 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 4128

C O N F I D E N T I A L BUENOS AIRES 7965

E.O. 11652: GDS

TAGS: ECON, ETRD, ESTC, AR, CU, US

SUBJECT: TRADE WITH CUBA BY US FIRMS IN ARGENTINA

REF: BUENOS AIRES 7963

1. AFTER REFERENCE CABLE WAS SENT, I MET ALONE WITH FONMIN VIGNES (BA 7964). I ADVERTED TO THE QUESTION OF TRADE WITH CUBA BY U.S. FIRMS IN ARGENTINA. HE WAS PERFECTLY PLEASANT AND QUITE IMMOVABLE, HIS MAIN POINT BEING THAT THESE ARE ARGENTINE FIRMS, AND BEING ARGENTINE FIRMS, THEY MUST CONFORM WITH THE ARGENTINE LAW, ALTHOUGH THE CAPITAL IS AMERICAN. THE CONSEQUENCES OF NOT OBEYING THE ARGENTINE LAW WOULD, HE THOUGHT, BE UNFORTUNATE. FIRST HE SAID THAT IT IS RATHER A SMALL MATTER INVOLVING ONLY SOME 500 AUTO-MOBILES. (COMMENT: OUR INFORMATION INDICATES PURCHASES WILL BE FAR MORE EXTENSIVE.) HE SAID THAT AN ADAMANT POSITION ON OUR PART MIGHT IMPEL GOA TO EXPROPRIATE THESE COMPANIES. HE ADDED THAT IT WOULD BE VERY BAD FOR RELATIONS AND THAT, IN ANY EVENT, FIAT COULD HANDLE THE WHOLE BUSINESS SO THAT THE AMERICAN COMPANIES WOULD SIMPLY BE LOSING THIS BUSINESS.

2. HE SAID THAT WHEN SECRETARY KISSINGER HAD TOLD HIM THAT
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SHIPS TRANSPORTING SUCH EXPORTS TO CUBA WOULD NOT BE ALLOWED

UNDER OUR LAWS TO BUNKER AT U.S. PORTS, HE TOLD THE SECRETARY THAT HE ACCEPTED THIS. HE TOLD ME THAT WE HAD JUST AS MUCH RIGHT TO MAKE SUCH PROSCRIPTIONS AS ARGENTINA HAS TO FORMULATE LAWS RESPECTING ARGENTINE COMPANIES. HE SAID THAT OF COURSE IT WAS A FAR MORE DIFFICULT PROBLEM FOR ARGENTINE SHIPS THAN FOR CANADIAN SHIPS TRADING WITH CUBA, BECAUSE CANADIAN SHIPS WOULD NOT NEED TO BUNKER IN U.S. PORTS. HE PUT THE RATIO OF THE BURDEN, COMPARING THE PROBLEM FOR ARGENTINA WITH THE PROBLEM FOR OTHER COUNTRIES, CANADA, FOR INSTANCE, AS 40 TO ONE. VIGNES MADE THE POINT THAT, SINCE AMERICAN COMPANIES SEEK THE ADVANTAGES OF INCORPORATING THEIR SUBSIDIARIES AS ARGENTINE COMPANIES, THEN THEY MUST ALSO SUBJECT THEMSELVES TO THE COGNIZANT ARGENTINE LAWS. HE QUITE AGREED WITH ME THAT A CONFRONTATION ON THIS SUBJECT WOULD BE UNFORTUNATE AND WOULD HAVE DELETERIOUS CONSEQUENCES IN TERMS OF OUR OVER-ALL RELATIONS. HOWEVER, HE ALSO MADE THE POINT THAT IT WAS ENTIRELY UNNECESSARY THAT THIS SHOULD OCCUR. HE FEELS THAT THE ARGENTINE POSITION ON THIS MATTER IS IMPREGNABLE.

LODGE

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